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Impact of Online Shopping on Local Small Businesses

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Abstract

The rapid expansion of e-commerce and digital technology has significantly transformed consumer buying behavior in India. Online shopping platforms such as Amazon, Flipkart, Zepto, and Blinkit have become increasingly popular due to their lower prices, convenience, wider product variety, home delivery, and attractive discount offers. While these developments provide benefits to consumers, they have created serious challenges for local small businesses that depend mainly on regular neighbourhood customers. This study examines the impact of online shopping on local small businesses in Pune, with special reference to the Bhopodi and Aundh areas. The study is based on both primary and secondary data. Primary data were collected through structured questionnaires and informal interviews with 25 respondents, including 20 customers and 5 local shopkeepers. Secondary data were collected from books, journals, newspapers, government reports, and published studies related to e-commerce and retail business. A descriptive research design and convenience sampling method were used to analyse customer preferences, changes in sales, and the difficulties faced by small retailers. The findings of the study reveal that a large majority of customers prefer online shopping over local shopping because of lower prices, discounts, home delivery, product variety, and easy comparison facilities. The study also shows that clothing shops, mobile accessory shops, stationery shops, and grocery stores are among the most affected businesses. Most local shopkeepers reported a decline in customer footfall and sales due to the growing popularity of online shopping. Many small retailers find it difficult to compete with large e-commerce companies because they cannot provide similar discounts, return policies, or delivery services. However, the study also indicates that online shopping has encouraged some local businesses to adopt digital methods such as UPI payments, social media marketing, WhatsApp orders, and home delivery services. Retailers who make use of such digital tools are more likely to survive and improve their business performance. The study concludes that although online shopping has negatively affected local small businesses in Pune, these effects can be reduced through government support, digital training, financial assistance, and the adoption of modern business practices. Strengthening the digital capabilities of local retailers can help them remain competitive in the changing retail environment.

Keywords: E-commerce, Local Small Businesses, Consumer Behaviour, Customer Preferences, Digital Payments, Retail Sector, Pune

Introduction

In recent years, online shopping has become one of the fastest-growing trends in India. With the widespread use of smartphones, internet facilities, digital payments, and home delivery services, many consumers now prefer to buy products online instead of visiting local shops. Popular e-commerce platforms such as Amazon, Flipkart, and quick-commerce services like Zepto and Blinkit have changed the way people shop. The city of Pune has also experienced this change. As a growing educational and IT hub, Pune has a large population of students, working professionals, and middle-class families who increasingly prefer online shopping because it saves time, offers discounts, and provides a greater variety of products. Online platforms make it possible to compare prices, read reviews, and receive products at home within a short period. Because of these advantages, many people now purchase clothes, electronics, groceries, books, cosmetics, and even daily-use items through online applications. However, the growth of online shopping has created several problems for local small businesses in Pune. Small shops such as grocery stores, stationery shops, clothing stores, mobile accessory shops, and bookshops depend mainly on customers from the nearby area. Earlier, these shops

had regular customers and stable sales. But now, many customers first check online prices and then decide whether to buy from the local shop. In many cases, people visit a local shop only to see the product and later buy it online at a lower price. As a result, many local businesses are facing a decrease in customer footfall and sales. Shopkeepers often find it difficult to compete with online companies because e-commerce platforms provide large discounts, cashback offers, free delivery, and easy return facilities. Small businesses usually do not have enough money, technology, or digital knowledge to provide similar services. Therefore, many local retailers in Pune are losing customers and facing financial difficulties. A recent study on Pune retailers found that small businesses are experiencing reduced sales and stronger competition because of online shopping, especially in sectors such as clothing, electronics, and grocery items. At the same time, online shopping is not completely negative for local businesses. Some shopkeepers have started using digital methods such as UPI payments, social media promotion, WhatsApp orders, and home delivery services. A few businesses have even started selling their products through online platforms. Retailers who adopt digital tools are able to attract more customers and survive in the changing market. Research in Pune shows that businesses using digital payments and online marketing have better customer engagement and stronger business performance than those who depend only on traditional methods. India's e-commerce market is growing rapidly and is expected to cross 160 billion US dollars in 2025. This means that online shopping will continue to increase in the future. Therefore, it is important to understand how this trend is affecting local small businesses in Pune and what can be done to support them. This study, titled "Impact of Online Shopping on Local Small Businesses in Pune", aims to examine the effect of online shopping on local retailers, understand the reasons behind changing customer preferences, and suggest policy recommendations to protect and support small businesses. The present study focuses on local shopkeepers and customers in Pune through surveys and interviews. Along with identifying the problems faced by local businesses, the study also examines possible solutions such as government support, digital training, and the effective use of technology.

Objectives of the Study

- To study the impact of online shopping on local small businesses in Pune.
- To identify the reasons why customers, prefer online shopping over local shops.
- To analyze the effect of online shopping on the sales, profit, and customer base of small businesses.
- To examine the problems faced by local shopkeepers due to increasing online shopping.
- To compare customer preferences between online shopping and local shopping.
- To study whether local businesses in Pune are adopting digital methods such as online delivery, UPI payments, and social media marketing.
- To suggest suitable policy recommendations and strategies for supporting local small businesses in Pune.

Research Methodology:

The present study is based on both primary and secondary data. The purpose of the study is to understand the impact of online shopping on local small businesses in Pune.

Research Design: This study follows a descriptive research design because it aims to describe and analyse the effect of online shopping on local businesses and the changing behaviour of customers.

Sources of Data: The study uses two types of data:

Primary Data: Primary data was collected directly from customers and local shopkeepers through surveys and informal interviews.

For this purpose, I visited different local market areas in Pune, especially Bhopodi and Aundh, where many small businesses operate. Data was collected from grocery shops, stationery shops, clothing shops, mobile accessory shops, and general stores located in these areas.

The researcher personally interacted with shopkeepers and customers and asked them a set of prepared questions related to online shopping and local business.

The customer survey focused on:

- Preference between online shopping and local shopping
- Reasons for choosing online shopping
- Products mostly purchased online
- Opinion about the effect of online shopping on local shops

The Shopkeeper Survey Focused On:

- Change in sales after the increase of online shopping
- Problems faced because of online competition
- Products that are most affected
- Measures taken by shopkeepers to continue their business. A total of 25 respondents were selected for the study.

- 20 customers
- 5 local shopkeepers

The respondents were selected from Bhopodi and Aundh in Pune through convenience sampling, because these areas contain both local markets and regular users of online shopping.

Sample Area: The study was conducted in the following areas of Pune:

- Bhopodi
- Aundh

These areas were selected because they have a large number of small shops and a mixed population of students, employees, and families. Therefore, these places are suitable for studying the effect of online shopping on local businesses.

Sampling Method: The study uses convenience sampling method. Under this method, respondents who were easily available and willing to provide information were selected for the survey.

Secondary Data: Secondary data was collected from different sources to support the primary data. These sources include:

- Books related to economics and retail business
- Newspapers and magazines
- Research articles and journals
- Government reports
- Internet websites related to e-commerce and small businesses in Pune.

Secondary data was used to understand the growth of online shopping in India and its impact on local businesses.

Tools Used for Data Collection: The following tools were used for collecting data:

- Questionnaire
- Personal Interview
- Observation

A separate questionnaire was prepared for customers and shopkeepers. Personal interviews helped them to understand their opinions and experiences in a better way.

Limitations of the Study: The study has certain limitations:

- The study is limited only to Bhopodi and Aundh areas of Pune.
- Only 25 respondents were selected.
- The study focuses only on small local businesses.
- Some respondents were not willing to give detailed information.

Data Analysis and Interpretation

The data collected from customers and shopkeepers in Bhopodi and Aundh was analyzed and interpreted to understand the impact of online shopping on local small businesses in Pune.

Preference	Number of Respondents	Percentage
Online Shopping	14	70%
Local Shopping	6	30%

Table 1: Preference of Customers: Online Shopping vs Local Shopping

From the survey, it was found that 70% of the customers prefer online shopping, while only 30% prefer local shops. This shows that online shopping has become more popular among people in Pune because it is more convenient and offers more discounts.

Reason	Number of Respondents	Percentage
Lower Prices and Discounts	8	40%
Home Delivery	5	25%
More Variety of Products	4	20%
Easy Comparison and Return	3	15%

Table 2: Reasons for Preferring Online Shopping

The main reason for choosing online shopping is lower prices and discounts. 40% of the respondents said that they buy products online because they get better prices. Home delivery is the second most important reason.

Product Category	Number of Respondents	Percentage
Clothes and Fashion Items	7	35%
Electronics and Mobile Accessories	5	25%
Groceries	4	20%
Books and Stationery	2	10%
Cosmetics and Others	2	10%

Table 3: Products Mostly Purchased Online

The survey shows that clothes and electronics are the products most commonly purchased online. Local clothing and mobile accessory shops are therefore more affected than other businesses.

Opinion	Number of Respondents	Percentage
Local shops are losing customers	15	75%
No major change	5	25%

Table 4: Opinion of Customers about Local Shops

75% of the customers believe that local small businesses are losing customers because of online shopping. Only 25% feel that local shops are not affected much.

Response of Shopkeepers	Number of Shopkeepers	Percentage
Sales Decreased	3	60%
Sales Same as Before	1	20%
Sales Increased	1	20%

Table 5: Impact on Sales of Local Shopkeepers

Most of the shopkeepers said that their sales have decreased in recent years because customers now prefer online shopping. Only one shopkeeper reported no change in sales.

Type of Shop	Number of Shopkeepers	Percentage
Clothing Shops	2	40%
Mobile Accessory Shops	1	20%
Stationery Shops	1	20%
Grocery Shops	1	20%

Table 6: Businesses Most Affected by Online Shopping

The survey shows that clothing shops are the most affected because many people prefer to buy clothes online from websites and applications.

Problem	Number of Shopkeepers	Percentage
Unable to compete with online prices	2	40%
Reduction in customers	2	40%
Lack of digital facilities	1	20%

Table 7: Problems Faced by Local Shopkeepers

Most local shopkeepers face two major problems: they cannot offer products at the same low price as online platforms, and they are losing regular customers.

Measure Taken	Number of Shopkeepers	Percentage
Started UPI/Digital Payment	2	40%
Home Delivery Service	1	20%
Social Media Promotion	1	20%
No Change	1	20%

Table 8: Measures Taken by Shopkeepers

Some local shopkeepers have started using digital payment methods and social media to attract customers. This shows that local businesses are slowly adapting to changes in the market.

Interpretation: The survey clearly shows that online shopping has a strong impact on local small businesses in Pune, especially in Bhopodi and Aundh. Customers prefer online shopping because of discounts, convenience, and home delivery. As a result, many local businesses are facing reduced sales and fewer customers.

The most affected businesses are clothing shops and mobile accessory shops. However, local businesses that adopt digital methods such as UPI payments, home delivery, and social media promotion are better able to survive in the market.

Conclusion

The study clearly shows that online shopping has significantly changed the shopping behaviour of people in Pune and has created a strong impact on local small businesses in areas such as Bhopodi and Aundh. Due to the increasing use of smartphones, internet facilities, digital payments, and home delivery services, a large number of customers now prefer to purchase products online rather than from nearby shops. The survey conducted for this Study found that most customers choose online shopping because it provides lower prices, attractive discounts, greater product variety, convenience, and easy return facilities.

As a result of this change in consumer behaviour, many local small businesses are facing serious problems. The study found that local clothing shops, mobile accessory shops, stationery shops, and grocery stores are among the most affected businesses. Many shopkeepers reported that their sales and number of customers have decreased in recent years. Customers often compare the prices of products in local shops with online prices and finally purchase the products from online platforms. Because of this, small businesses are finding it difficult to survive in the market.

The study also reveals that local shopkeepers are unable to compete with large online shopping companies because they do not have enough financial resources, technology, or marketing support. Online companies can offer heavy discounts, cashback, free delivery, and easy return policies, whereas local businesses generally cannot provide such facilities. In addition, many local shopkeepers still depend on traditional methods of business and have limited knowledge about digital marketing and online selling.

However, the study also shows that local businesses still have opportunities to survive and grow if they adopt new strategies. Some shopkeepers in Pune have already started using UPI payments, WhatsApp orders, home delivery services, and social media platforms such as Instagram and Facebook to promote their products. These businesses are performing better than those which continue only with traditional methods. Therefore, digital adaptation is becoming very important for the future of local businesses.

The study further suggests that the government and local authorities should take necessary steps to support small businesses. Financial assistance, low-interest loans, digital training programmes, and "Buy Local" campaigns can help local businesses compete more effectively with online platforms. Consumers should also understand that local businesses play an important role in providing employment, supporting families, and contributing to the local economy of Pune.

In conclusion, online shopping has both positive and negative effects. It provides convenience and benefits to customers, but at the same time it creates challenges for local small businesses. Therefore, a balance must be created between the growth of online shopping and the protection of local businesses. If proper measures are taken, local small businesses in Pune will be able to continue their business and remain an important part of the city's economy.

Findings

- The study found that online shopping is more popular than local shopping among customers in Pune. About 70% of the respondents prefer online shopping because it is convenient and provides discounts.
- The major reasons for choosing online shopping are lower prices, home delivery, wider variety of products, and easy return facilities.
- Clothes, electronics, and mobile accessories are the products most commonly purchased online. Therefore, local

clothing shops and mobile accessory shops are the most affected businesses.

- Most of the customers believe that local small businesses are losing customers because of the increasing use of online shopping.
- The study found that 60% of the local shopkeepers experienced a decrease in sales in recent years due to online competition.
- Local shopkeepers are unable to compete with online shopping platforms because online companies provide heavy discounts, cashback offers, and free delivery.
- Many local businesses in Bhopodi and Aundh do not have enough digital facilities, marketing knowledge, or financial resources to compete with online businesses.
- Some local shopkeepers have started using digital payment methods such as UPI, home delivery, and social media promotion to attract more customers.
- Businesses that use digital methods are performing better than those that continue only with traditional methods.
- The study concludes that online shopping has both positive and negative effects. It gives convenience to customers, but it creates serious challenges for local small businesses in Pune.

Policy Recommendations:

- The government should provide financial support and subsidies to local small businesses in Pune. Small shopkeepers should be given low-interest loans so that they can improve their business and compete with online platforms.
- The government and local authorities should organise digital training programmes for small shopkeepers. They should be taught how to use online marketing, social media, digital payments, and home delivery services.
- Local businesses should be encouraged to adopt modern methods such as UPI payment, WhatsApp orders, Instagram or Facebook promotion, and online delivery. This will help them attract more customers.
- The government should introduce policies to reduce the unfair advantage of large online shopping companies. Online platforms should not be allowed to provide extremely low prices and heavy discounts that harm local businesses.
- The Pune Municipal Corporation and local business associations should organise local market fairs and "Buy Local" campaigns. These campaigns can encourage people to support local shops.
- Small businesses should be provided with proper internet facilities and access to digital tools at affordable rates.
- Local shopkeepers should improve customer service, product quality, and personal relationships with customers. Good behaviour and trust can help local businesses keep their regular customers.
- The government should create special schemes for small retailers in areas such as Bhopodi and Aundh, where local businesses are facing strong competition from online shopping.
- Schools, colleges, and local communities should spread awareness about the importance of supporting local small businesses because these businesses provide employment and contribute to the local economy.
- Local businesses should work together and form associations or groups. By working together, they can buy products at lower prices, share delivery services, and compete more effectively with online companies.

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